

COMMONWEALTH OF MASSACHUSETTS
OFFICE OF CONSUMER AFFAIRS
AND BUSINESS REGULATION
DIVISION OF ENERGY RESOURCES

100 CAMBRIDGE STREET, SUITE 1020

BOSTON, MA 02114

Internet: <http://www.mass.gov/doer>

E-mail: energy@state.ma.us

Mitt Romney
Governor

Kerry Healey
Lieutenant Governor

Beth Lindstrom
Director, Office of Consumer Affairs
and Business Regulation

David L. O'Connor
Commissioner

TELEPHONE
(617) 727-4732

FACSIMILE
(617) 727-0030
(617) 727-0093

October 27, 2005

Mary L. Cottrell, Secretary
Department of Telecommunications & Energy
One South Station, Second Floor
Boston, Massachusetts 02110

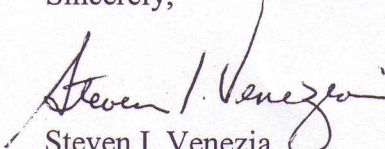
Re: **Petition of Bay State Gas Company requesting Approval of its Special
2005/2006 Heating Season Weatherization Rebate Program. D.T.E. 05-69**

Dear Secretary Cottrell:

Enclosed for filing in the above-referenced matter are an original and nine copies of the Comments of the Commonwealth of **Massachusetts Division of Energy Resources** and Certificate of Service. An additional copy is being forwarded to the Hearing Officer under separate cover.

Thank you for your attention to this matter.

Sincerely,


Steven I. Venezia
Deputy General Counsel

Enclosures

cc: Shaela McNulty Collins, Hearing Officer
Emmett E. Lyne, Esq.
Jerrold Oppenheim, Esq.
Derek Buchler, Bay State Gas Company
Patricia French, Esq.

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

Petition of Bay State Gas Company requesting)
Approval of Special 2005/2006 Heating Season)
Weatherization Rebate Program)

D.T.E. 05-69

**COMMENTS OF THE COMMONWEALTH OF MASSACHUSETTS
DIVISION OF ENERGY RESOURCES ON THE PETITION OF BAY STATE
GAS COMPANY FOR A SPECIAL WEATHERIZATION REBATE PROGRAM**

The Commonwealth of Massachusetts Division of Energy Resources (DOER) responds to the petition of the Bay State Gas Company (Bay State or Company) filed with the Department of Telecommunications and Energy (Department) on October 6, 2005 to implement a rebate program for the 2005/2006 heating season that would enable customers to install certain basic weatherization materials and receive a maximum rebate of \$25.00. As proposed, Bay State's "Special" Weatherization Rebate Program would reimburse customers by means of a mail-in rebate form, customer affidavit of installation, original UPC codes from products purchased and copies of receipts of said purchases. Bay State contends that quality control will be assured by random spot inspections of participating customers. Moreover, Company liability for faulty installations will be circumscribed by a release signed by the customer affixed to the rebate form.

The Company proposes this "Special" Weatherization Rebate Program to the Department as a new initiative within the existing portfolio of gas energy efficiency programs endorsed by the signatory parties in the settlement approved by the Department in D.T.E. 04-39. The Division of Energy Resources appreciates and is sensitive to the need for all Massachusetts gas and electric utilities to be responsive to the anticipated customer demand for greater access to basic energy efficiency measures this heating season. Upon review, however, the Division of Energy Resources does not believe that the Company's proposal adequately addresses those perceived customer needs in such a manner as to justify the siphoning of \$700,000 of energy efficiency funds from already proven cost-effective programs. Hence, the DOER opposes Bay State's petition seeking approval of its Special Weatherization Rebate Program. We are not convinced that this proposal represents an improved re-allocation of gas energy efficiency resources.

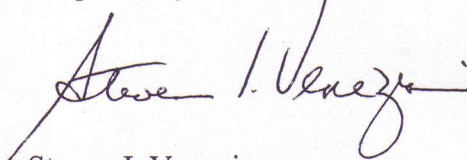
Though the proposal claims an average of 10 Therms per customer for \$25 worth of an unspecified mix of residential efficiency measures, the Company does not substantiate its savings claim within this special filing. A program that fails to verify the alleged savings without submitting planning assumptions concerning anticipated purchases or products bought but never installed, does not instill confidence that these monies will be spent effectively. If anything, the extemporaneous nature of the proposal

strongly suggests that these measures, assuming that they are installed at all, will achieve less energy savings and be less cost-effective than existing programs within Bay State's energy efficiency program portfolio. Verification measures are not sufficiently reliable as Bay State does not specify its random inspection process or state what percentage of rebates will be inspected to ensure quality. Certainly, the diversion of \$700,000 from proven residential non low-income energy efficiency programs to hastily conceived measures that are not readily quantifiable reinforces the DOER's decision not to support the proposal. That the Company does not identify which program budgets would be diverted to fund this "special" rebate program further underscores the DOER's judgement that the proposal will not be superior to Bay State's existing energy efficiency program mix.

The DOER would be more open to entertain the instant proposal if the Company exhibited its conviction that its proposal addresses a pressing customer need by marshalling other monies to fund this program. Arguably, Bay State could dedicate new financial resources to the Special Weatherization Rebate Program, if it were utterly convinced of the proposal's efficacy and customers' anticipated demand for it. The Company's election not to do so suggests that it thinks it easier to re-allocate existing budget funds from other residential programs in response to a speculative ground swell of customer demand this winter for basic self-installed measures.

For all the foregoing reasons, the Division of Energy Resources opposes the Bay State proposal.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Steven I. Venezia", with a stylized flourish at the end.

Steven I. Venezia
Deputy General Counsel

cc: Emmett E. Lyne, Esq.
Jerrold Oppenheim, Esq.
Derek Buchler, Bay State Gas Company
Patricia French, Esq.
Andrew Kaplan, Esq., DTE
George Yiankos, DTE

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Approval of Special 2005/2006 Heating Season
Weatherization Rebate Program

Commonwealth of Massachusetts
Division of Energy Resources
100 Cambridge Street, Suite 1020
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